AR16

Investors MUTUAL OF CANADA LTD.

Annual Report

1967

Investors MUTUAL OF CANADA LTD.

Board of Directors

T. O. PETERSON, Chairman of the Board, Winnipeg, Manitoba.
Chairman of the Board: The Investors Group; Investors Syndicate Limited; Investors International Mutual Fund Ltd.; Investors Growth Fund of Canada Ltd.; Investors Trust Company; *Director*: Canadian Imperial Bank of Commerce: Western Gypsum Products Ltd.; Beaver Lumber Company Limited; Abitibi Paper Company Ltd.; Anglo American Corporation of Canada Ltd.; The Imperial Life Assurance Company of Canada Limited.

C. E. ATCHISON, President, Winnipeg, Manitoba.
President and Chief Executive Officer: The Investors Group; Investors Syndicate Limited; *President and Director*: Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Investors Trust Company.

J. K. BRUMELL, Toronto, Ontario.
Division Manager: Investors Syndicate Limited.

PETER D. CURRY, Winnipeg, Manitoba.
President: Peter D. Curry & Co. Ltd.; *Chairman and Director*: Greater Winnipeg Gas Company; *Vice-President and Director*: Investors Trust Company; The United Canadian Shares Limited; The Canadian Indemnity Company; *Director*: The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; CAE Industries Ltd.; The Great-West Life Assurance Company; Canadian Imperial Bank of Commerce.

PAUL DESMARAIS, Montreal, Quebec.
President and Director: Provincial Transport Company; Trans-Canada Corporation Fund; Provincial Transport Ltd.; Transportation Management Corp.; Gelco Enterprises Ltd.; La Compagnie de Publication de La Presse, Limitée; Les Journaux Trans-Canada Ltée.; *Vice-President and Director*: The Imperial Life Assurance Company of Canada; *Director*: The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Canadian Breweries Limited; Ciments Lafarge Quebec Limitée; Consolidated Paper Corporation Limited; Hilton of Canada Limited; Montreal Trust Company; Provincial Transport Enterprises Ltd.

COURTLAND ELLIOTT, C.B.E., Toronto, Ontario.
Director: Investors Mutual of Canada Ltd.; The Toronto-Dominion Bank; UNAS Investments Ltd.; North American Life Assurance Company; Canadian Surety Co.; *Advisory Board*: The Royal Trust Company.

C. A. GEOFFRION, Q.C., Montreal, Quebec.
Vice-President and Director: Corgemines Limitée; *Director*: Investors Mutual of Canada Ltd.; The Royal Trust Company; Abitibi Paper Company Ltd.; Canada Steamship Lines Ltd.; The Great-West Life Assurance Company; Melchers Distillers Limited; Viau Limitée; Merrill Island Mining Corporation Ltd.

R. W. PURCELL, New York, N.Y.
Chairman of the Board: International Basic Economy Corp.; *Director*: The Investors Group; Investors Syndicate Limited; Investors International Mutual Fund Ltd.; Chemway Corp.; International Minerals & Chemical Corp.; The Bendix Corporation; Seaboard World Airlines Inc.

JAMES A. RICHARDSON, Winnipeg, Manitoba.
Chairman and Chief Executive Officer: James Richardson & Sons, Limited; *Director*: The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Hudson's Bay Company; Canadian Imperial Bank of Commerce; The International Nickel Company of Canada Limited; Hudson's Bay Oil & Gas Company Limited; Canadian Pacific Railway; The Canadian Indemnity Company; United Canadian Shares Limited.

FRANK H. SHERMAN, Hamilton, Ontario.
President and Chief Executive Officer: Dominion Foundries & Steel Ltd.; *Director*: Dominion Foundries & Steel; National Steel Car Corporation Limited; Arnaud Railway Co.; Wabush Lake Railway Co. Ltd.; Crown Life Insurance Company; Bank of Nova Scotia; National Trust Company Limited; Polymer Corporation Limited; American Iron and Steel Institute; Canada Iron Foundries, Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.

Annual Report

for the Year Ended October 31, 1967

Investors MUTUAL OF CANADA LTD.

HEAD OFFICE: 280 BROADWAY, WINNIPEG, MAN.

EXECUTIVE OFFICERS

T. O. PETERSON	Chairman of the Board
C. E. ATCHISON	President
J. N. W. BUDD	Vice-President
E. G. O. HOWARD	Secretary
R. H. JONES	Treasurer

INVESTMENT MANAGER

THE INVESTORS GROUP

DISTRIBUTOR

INVESTORS SYNDICATE LIMITED

Investment Objectives

The principal objective of Investors Mutual is to produce capital appreciation over the long term. The graph on Page 15 illustrates management's effectiveness in achieving this objective.

At the same time the Company seeks to protect the value of investment and enhance shareholders' income. These objectives are pursued through a program of investment in diversified securities, balanced between fixed-income investments and common stocks with better-than-average growth prospects.

Fiscal year ended October 31	1967	1966
Total Net Assets	$594,160,637	$535,392,508
Number of shareholders	96,393	101,677
Asset value per share	$ 5.12	$ 4.51
Dividend paid	$ 17,718,157	$ 16,946,923
Dividend per share	$ .15	$ .14½

Report to the Shareholders

C. E. ATCHISON
President

On behalf of your Board of Directors, I am pleased to present this report on the progress of your Company during the fiscal year ended October 31, 1967.

Despite somewhat unsettled economic conditions and a trend towards higher interest rates, your Fund experienced good growth during the period under review. Details will be found further on in this report but some outstanding features should be stressed at this point. They include:

- Total assets of the Fund increased by 11% — to $594 million.
- The asset value per share was up by 13.5% — from $4.51 to $5.12.
- The dividend per share was increased 3.4% — to a record 15c per share.
- Total dividends distributed during the year increased 4.6% to a record $17,718,157. This amount brings the total dividends paid to shareholders since inception of the Fund in 1950 to $119,797,163.

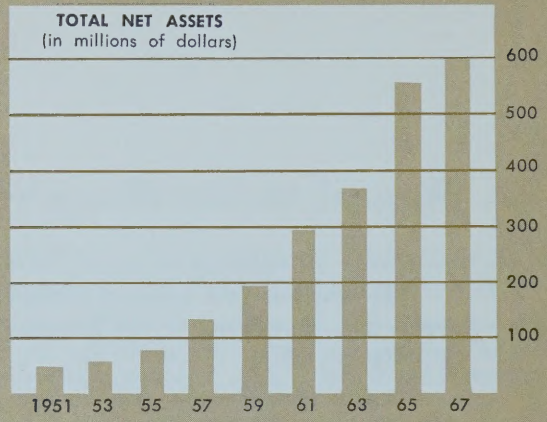
FINANCIAL REVIEW

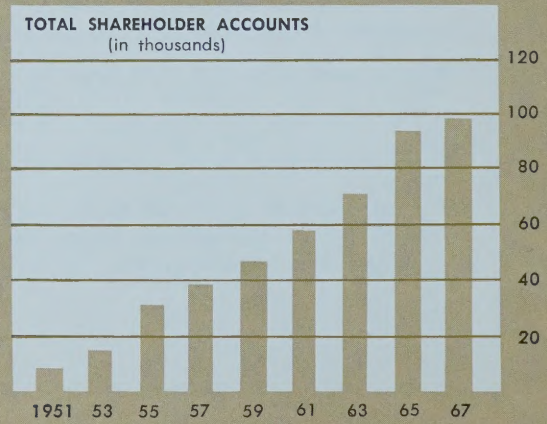
Assets

The total net assets of your Fund increased by nearly $60 million during the year, from $535,392,508 a year ago to $594,160,637 at October 31, 1967. They have continued to grow since the end of the fiscal year and at time of writing exceeded $606 million.

There was a moderate decline in the total number of shareholders, down from 101,677 a year ago to 96,393 at the present time. The decrease is attributable to the realization of pre-determined investment objectives by many shareholders who have subsequently transferred into the guaranteed Single Payment Annuity Certificates of Investors Syndicate Limited and in some instances changes in financial circumstances and/or investment objectives have resulted in transfers into Investors Growth Fund and Investors International Mutual Fund. These transfer privileges, without incurring additional fees, are a major advantage derived from the association with The Investors Group.

On the matter of net redemptions Investors Mutual experienced a rate well below that of the industry generally. This attests to the basic attraction of a well-balanced investment program to the majority of Canadians.





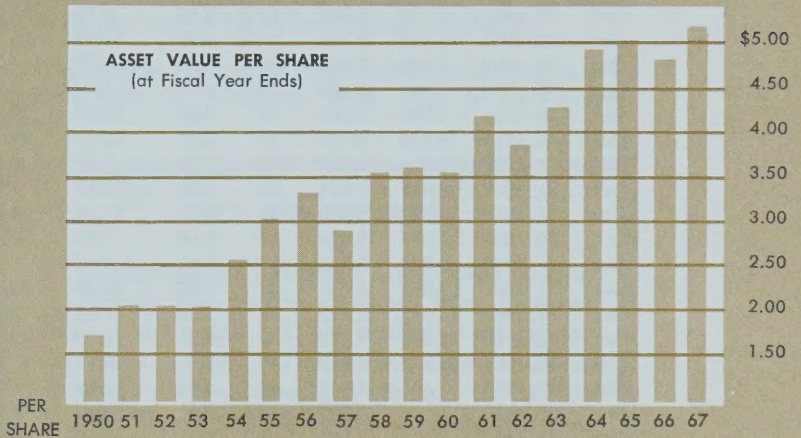
Share Performance

The asset value per share increased by 13.5 per cent during the year, from $4.51 to $5.12. Since the close of the fiscal year there has been a further rise in the value of your shares and at the time of writing the asset value was $5.21.

Profits from the sale of investments this fiscal year amounted to $32,334,656. The undistributed, cumulative, realized capital appreciation on October 31, 1967 had reached $64,039,613.

A further feature of the past year was the increase in dividends per share, up 3.4 per cent to a record 15 cents.

The benefit to shareholders over the years of a soundly-conceived and well-balanced investment policy is illustrated in the following graph and table. The year-by-year performance of a share in Investors Mutual of Canada is shown from the Fund's inception in 1950 to the present time. It should be noted that the base price is the asset value per share at fiscal year-ends ex dividend, adjusted for the 3-for-1 stock split of February 1, 1965.



	1950	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
Net Asset Value	1.82	2.15	2.07	2.09	2.53	3.11	3.29	2.95	3.57	3.63	3.54	4.29	3.81	4.31	4.92	5.05	4.51	5.12
Dividends	.041	.095	.095	.095	.096	.10	.103	.106	.106	.11	.12	.123	.123	.13	.133	.14	.145	.15

	Asset Value	Asset Value on Split Basis	Dividend	% Div. Yield	% Capital Gain	% Total Gain
March 2, 1950	5.024	1.675	(Commencement of Fund)			
Oct. 31, 1950	5.463	1.821	$.12½	2.49	8.74	11.23
Oct. 31, 1951	6.438	2.146	.28½	5.22	17.85	23.07
Oct. 31, 1952	6.199	2.066	.28½	4.43	(-) 3.72	.71
Oct. 30, 1953	6.265	2.088	.28½	4.60	1.06	5.66
Oct. 29, 1954	7.593	2.531	.29	4.63	21.20	25.83
Oct. 31, 1955	9.339	3.113	.30	3.95	22.99	26.94
Oct. 31, 1956	9.868	3.289	.31	3.32	5.66	8.98
Oct. 31, 1957	8.845	2.948	.32	3.24	(-)10.36	(-) 7.12
Oct. 31, 1958	10,706	3.569	.32	3.62	21.04	24.66
Oct. 30, 1959	10.887	3.629	.33	3.08	1.69	4.77
Oct. 31, 1960	10.620	3.540	.36	3.31	(-) 2.46	.85
Oct. 31, 1961	12.859	4.286	.37	3.48	21.08	24.56
Oct. 31, 1962	11.437	3.812	.37	2.88	(-)11.06	(-) 8.18
Oct. 31, 1963	12.934	4.311	.39	3.41	13.09	16.50
Oct. 30, 1964	14.757	4.919	.40	3.09	14.10	17.19
Oct. 29, 1965		5.048	.14	2.85	2.62	5.47
Oct. 31, 1966		4.509	.14½	2.87	(-)10.68	(-) 7.81
Oct. 31, 1967		5.117	.15	3.33	13.48	16.81

With dividends reinvested in your Fund, the cumulative gain and compounded dividend return experienced by the Fund since its inception is equivalent to 9.65% average annual compound growth.

Portfolio Management

In line with your Company's policy of concentrating on growth and income prospects, the market value of common stock holdings was increased from 73.95% at the year-end 1966 to 76.46% of the portfolio at October 31, 1967. The market value of all common stocks exceeded cost by about $104 million and represented investments in 76 companies.

Canadian holdings of $309 million and U.S. holdings of $145 million represented 52.04% and 24.42% respectively of the total assets of the Fund. The remaining 23.54% of the total assets of the Fund were invested in the fixed income portfolio, comprised of bonds, preferreds and cash or short term guaranteed securities. By industry groups, metal mining and refining constituted the largest block in the portfolio ($62 million), followed by oil and gas ($57 million), public utilities ($55 million), office equipment ($50 million) and the food and retail industry ($41 million).

The largest single company holding, was International Business Machines — $28.5 million or 4.80% of total assets. The International Nickel Company of Canada was next with $21.2 million or 3.58% of assets. Imperial Oil Limited and Moore Corporation were tied in third position, each with $18.5 million or 3.12%, followed by Consumers' Gas Company, $16.5 million or 2.79% of assets. Other large holdings included Canadian Imperial Bank of Commerce, S. S. Kresge Company and MacMillan Bloedel.

Holdings of preferred stocks were reduced from 17.22% of the portfolio to 14.35%. In dollar terms it was a reduction from $92 million to $85 million. Industrial Acceptance Corporation was the biggest single holding in this category — $9 million — followed by Power Corporation of Canada, at $7.7 million.

Bonds, which accounted for 7.12% of the portfolio a year ago, represented 4.60% at year-end 1967.

The cash position was strengthened from $9 million at year-end 1966 to $27 million at the close of the 1967 fiscal year, which represents a percentage change from 1.71% to 4.58% of assets.

Investment Services

Investment management of the assets of your Company is provided by The Investors Group, which has under its administration net assets totalling over $1.4 billion.

There are a number of other special services and privileges available to shareholders of Investors Mutual of Canada.

An area that has proved attractive is the use of the Fund as an investment medium for Registered Retirement Savings Plans. Up to 20 per cent of a Canadian taxpayer's earned income, with an annual maximum of $2,500, may be exempt from tax when paid into a Registered Retirement Savings Plan by persons who are not members of an employer-sponsored pension plan. A member of an employer-sponsored pension plan can deduct his contributions to both the pension plan and a Registered Retirement Savings Plan, to the extent that the combined contributions do not exceed either 20 per cent of his earned income or $1,500.

Full details concerning these additional services may be obtained from the Company head office or its representatives.

TAX ADVANTAGES

Under existing legislation, shareholders residing in Canada who receive dividends from Investors Mutual of Canada Ltd. are entitled to an income tax credit of 20% of the amount of dividends received in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable.

Dividends received by Canadian corporations from Investors Mutual are tax free. Many Canadian corporations enjoy this advantage by virtue of their substantial holdings of Investors Mutual shares.

Investment Objectives and Policies

Since its inception in 1950 Investors Mutual of Canada has adhered to a basic set of investment objectives and has followed a consistent overall policy to attain such objectives. In short, the Fund has sought:

1) To achieve long term capital appreciation.
2) To protect the value of its shareholders investment, i.e. to provide reasonable price stability.
3) To provide a reasonable rate of return upon such investment consistent with the fulfillment of the first two objectives.

That the Fund has been eminently successful in achieving these goals is evidenced by the better than threefold increase in asset value per share, a comparable gain in dividends paid per share and a satisfactory record of price stability during interim periods of general stock market weakness.

In recent times there has occurred a marked preference on the part of many investors to emphasize capital growth to the exclusion of the objectives of income growth and reasonable price stability. There can be no question but that in many instances such preference is not only justified but also desirable. The circumstances of the individual investor, with particular reference to his financial resources and his appreciation of the greater investment risk associated with this choice of objective, must be the governing factor in investment decisions of this nature.

What is disturbing in the developments of the immediate past is that insufficient attention has been paid to the circumstances of the individual investor and, indeed, the majority of individual investors. Certainly the heightened degree of speculative interest is readily observed in the behaviour of many lower quality and unseasoned common stocks. It is also to be found in such statistical measurements as brokers' loans, margin balances, etc. It is apparent that investment risks have likewise increased in this environment.

Your management has complete confidence in the long term outlook for common stocks. We recognize, however, that price risks, in greater or lesser degree, are a necessary concomitant to the achievement of eventual success. It is our firm belief that most investors should minimize these attendant risks through establishing a well-balanced program in which proper emphasis may be given to the fundamental threefold tenets of investment.

It is admittedly a temptation to "join the pack" when temporary advantage is thought to be gained. We are mindful, however, of history which has repeatedly illustrated the eventual wisdom of remaining faithful to the proven principals of sound investing. Your Fund is continuing to follow those policies which have richly rewarded the shareholder through the years since its inception in the secure knowledge that the best interests of the shareholders are thus being served.

Economic Outlook

Firm federal government action toward the close of 1967 should go a long way toward restoring confidence in the Canadian economy, and therefore should have beneficial effects on stock markets in the months ahead. The determination of the government to restrain the inflationary spiral by imposing a modest income tax increase, in the form of a five per cent surcharge on the basic personal tax, should bring home a lesson to Canadians that a widespread contribution has to be made if Canada's financial house is to be put in order.

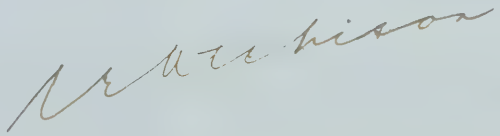
The past year was marked by excessive price and wage increases in many sectors of the economy. These have caused inflationary pressures which, allied with interest rates reaching historical high levels, resulted in an unstable situation that was reflected in disappointing performances of common and preferred stocks and bonds.

The Minister of Finance's pledge that federal government expenditures and borrowings in the capital market would be reduced sharply in the coming fiscal year provides a significant example to other levels of government and the free enterprise sector of the economy. It is clearly essential that exorbitant wage demands and unjustified price increases which have been apparent in some labour and business practices during the past two years will have to be abandoned if the economy is to be restored to a proper balance. Greater emphasis will have to be placed upon increased productivity if there is to be an easing of the current squeeze on corporate profits.

The fact that the federal government does not intend to embark on the radical tax reforms recommended by the Carter Royal Commission on Taxation should be a further stimulus to a revival of confidence in the economic future of Canada. Orderly development of our natural resources and business expansion would have been seriously hampered if the Commission's sweeping new theories had been adopted.

Devaluation of the British pound had an immediate unsettling effect on the world monetary system but stock markets have reacted positively. The British action was inevitable and provided that nation vigorously tackles the same problems which currently beset the Canadian economy, Britain's chances of entry into the European Common Market should be enhanced.

The general outlook for renewed economic growth in Canada is a favourable one at this time, now that the federal government has fully recognized the nature and scope of the current problems and has taken initial steps toward solving them. The underlying strength of the Canadian economy should reassert itself in the coming year, and be reflected in an improved investment climate which will be of marked benefit to shareholders.



President

Investors MUTUAL OF CANADA LTD. *(Under the provisions of the Canada Corporations Act)*

Balance Sheet

	As at October 31 1967	1966
Assets:		
Investments — at market value:		
Canadian Government and Canadian Government guaranteed bonds	$ 5,098,125	$ 7,552,588
Provincial and Provincial guaranteed bonds	11,919,126	18,297,515
Canadian corporation bonds	10,332,054	11,742,808
United States corporation bonds	—	548,910
Canadian preferred stocks	82,772,415	91,352,159
United States preferred stocks	2,483,483	836,957
Canadian common stocks	309,239,709	292,917,368
United States common stocks	145,126,226	103,028,409
	566,971,138	526,276,714
The average cost of the investments as at October 31, 1967 was $472,828,435 (1966 — $474,918,162)		
Other assets:		
Cash on deposit and in transit	3,120,100	4,819,423
Demand Notes	29,890,729	9,278,288
Accrued interest and dividends receivable	1,421,653	1,610,797
Due from brokers	1,551,197	523,509
	35,983,679	16,232,017
Total assets	602,954,817	542,508,731
Liabilities:		
Due to brokers	2,500,000	145,847
Dividend payable	5,805,592	6,530,684
Accounts payable and accrued charges	221,939	208,020
Income taxes payable	266,649	231,672
Total liabilities	8,794,180	7,116,223
Total net assets	$594,160,637	$535,392,508

Approved on behalf of the Board:

Director

Director

SHAREHOLDERS' EQUITY

	Shares—1967	Shares—1966	As at October 31 1967	1966
Capital stock:				
Common shares of a par value of 33⅓c per share. Authorized and issued 3,000 shares			$ 1,000	$ 1,000
Special shares of a par value of 33⅓c per share.				
Authorized	360,000,000	360,000,000		
Redeemed	74,949,736	60,509,501		
	285,050,264	299,490,499		
Outstanding	116,108,772	118,738,407	38,702,924	39,579,469
			38,703,924	39,580,469
Surplus:				
Premium received on shares issued less premium paid on shares redeemed			397,313,919	411,505,818
Retained earnings			64,039,613	32,932,225
			461,353,532	444,438,043
Unrealized appreciation of investments			94,103,181	51,373,996
Total shareholders' equity			$594,160,637	$535,392,508

Notes:

1. United States investments have been converted into Canadian currency at exchange rates prevailing at the balance sheet date.
2. The net asset value per share at October 31, 1967 was $5.12 (1966 - $4.51).
3. A statement of source and application of funds has not been presented since it would not be particularly informative in the case of an investment company.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Investors Mutual of Canada Ltd. as at October 31, 1967 and the statements of net income from investments and retained earnings, premium on shares and unrealized appreciation of investments for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of net income from investments and retained earnings, premium on shares and unrealized appreciation of investments, present fairly the financial position of the company as at October 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with the preceding year.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Winnipeg, Manitoba.
November 29, 1967.

Investors MUTUAL OF CANADA LTD.

Statement of Net Income from Investments and Retained Earnings

with comparative figures for 1966

	Year Ended October 31 1967	1966
Income:		
Dividends	$ 18,054,465	$ 17,658,257
Interest	2,680,474	2,913,387
Proceeds of sale of stock subscription rights	—	69,808
	20,734,939	20,641,452
Expenses:		
Management fees	3,072,664	2,848,388
Custodian fees	54,623	54,160
Directors' fees	13,940	14,203
Audit fees	3,000	3,000
Printing, postage and stationery	60,670	56,048
Miscellaneous	2,911	3,028
	3,207,808	2,978,827
Income before provision for income taxes	17,527,131	17,662,625
Provision for income taxes	911,333	990,875
Net income (excluding profits and losses realized on sale of investments)	16,615,798	16,671,750
Profit on sale of investments	32,334,656	6,552,557
Transfer (to) from premium on shares to equalize the equity per share in the amount available for dividends in respect of Special shares sold and redeemed during the year	(124,909)	212,774
	48,825,545	23,437,081
Dividends paid	17,718,157	16,946,923
	31,107,388	6,490,158
Retained earnings available for distribution at beginning of year	32,932,225	26,442,067
Retained earnings available for distribution at end of year	$ 64,039,613	$ 32,932,225

Statement of Premium on Shares

with comparative figures for 1966

	Year Ended October 31 1967	1966
Balance at beginning of year	$411,505,818	$368,919,209
ADD:		
Premium received on sale of 11,810,600 (1966 — 18,546,169) Special shares	58,297,746	91,598,797
	469,803,564	460,518,006
DEDUCT:		
Premium paid on redemption of 14,440,235 (1966 — 9,454,795) Special shares	69,837,024	43,486,747
Commission paid on sale of shares	2,777,530	5,312,667
Transfer (from) to retained earnings to equalize the equity per share in the amount available for dividends in respect of Special shares sold and redeemed during the year	(124,909)	212,774
	72,489,645	49,012,188
Balance at end of year	$397,313,919	$411,505,818

Statement of Unrealized Appreciation of Investments

with comparative figures for 1966

Balance at beginning of year	$ 51,373,996	$121,916,053
Unrealized appreciation (depreciation) for the year	42,729,185	(70,542,057)
Balance at end of year	$ 94,103,181	$ 51,373,996

Record of a Continuous Investment Program

$1,000 INITIAL INVESTMENT — $100 PER MONTH

Investors Mutual shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed initial investment of $1,000 on March 1, 1950, and subsequent investment of $100 per month with dividends re-invested in additional shares.

Dollar Cost Averaging

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be particularly profitable to shareholders. The dollar-cost averaging advantages are especially noticeable when dividends are re-invested, as shown in the illustrations on this page and the facing page. A booklet dealing with the subject is available from the company.

Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares
1950	$1,900	$ 35.63	348.765	348.765
1951	1,200	126.01	197.718	546.483
1952	1,200	181.80	204.761	751.244
1953	1,200	240.98	213.114	964.358
1954	1,200	306.21	195.993	1,160.351
1955	1,200	370.95	162.854	1,323.205
1956	1,200	431.87	152.033	1,475.238
1957	1,200	495.14	162.952	1,638.190
1958	1,200	548.05	166.735	1,804.925
1959	1,200	617.08	151.210	1,956.135
1960	1,200	731.06	172.023	2,128.158
1961	1,200	812.43	154.365	2,282.523
1962	1,200	869.34	163.496	2,446.019
1963	1,200	981.85	164.562	2,610.581
1964	1,200	1,071.84	155.602	2,766.183
	Adjusted for 3 for 1 stock split			8,298.549
1965	1,200	1,189.90	462.076	8,760.625
1966	1,200	1,300.80	502.142	9,262.767
1967	1,000	940.43	362.616	9,625.383

VALUATION OF ACCOUNT AT OCTOBER 31, 1967

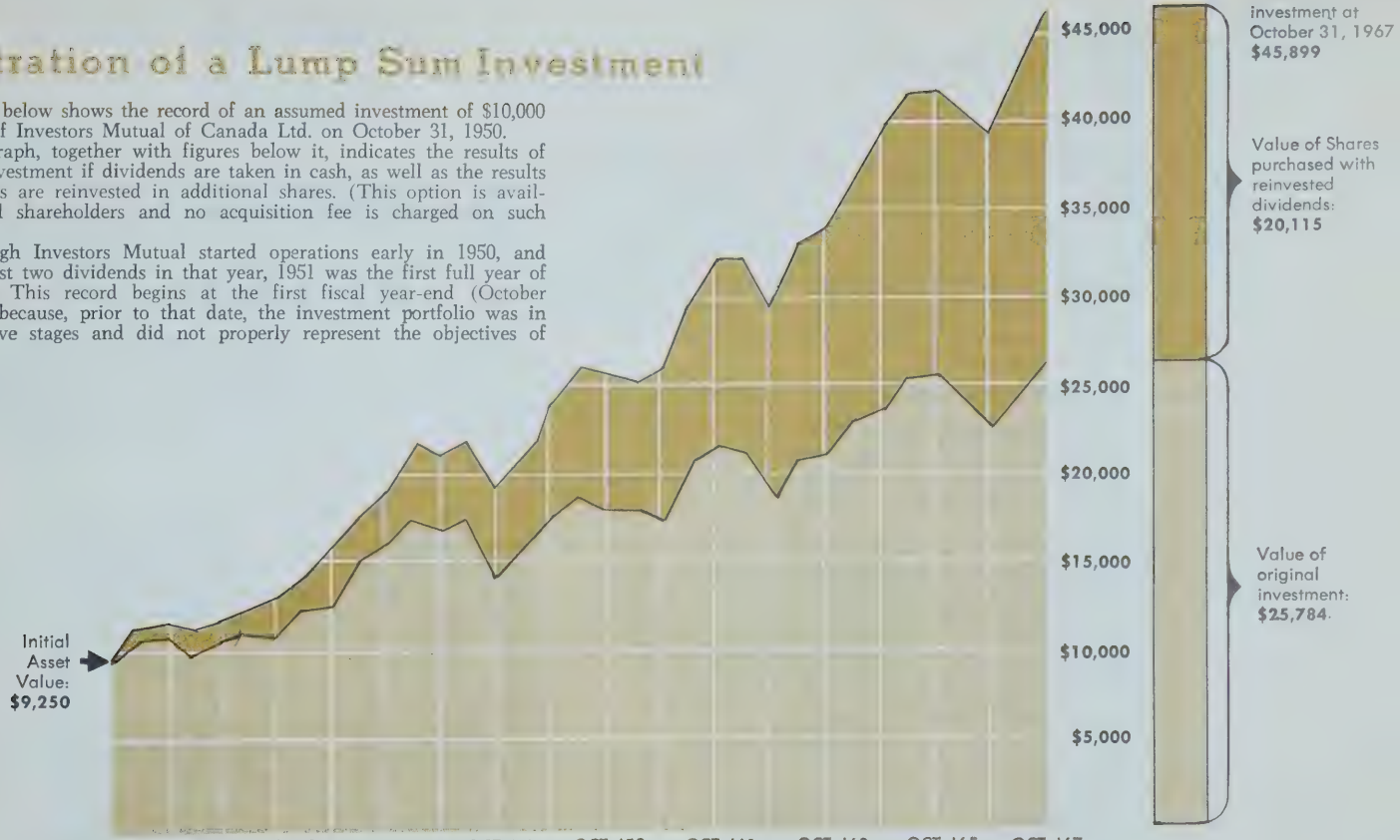
Redemption value 9,625.383 shares x $ 5.117		$49,253.08
Dividend Receivable		481.27
		$49,734.35
Original Investment	$ 1,000.00	
Monthly Purchases	21,100.00	22,100.00
Total Net Gain		$27,634.35
Dividends Reinvested & Receivable		11,732.64
Capital Gain in 212-month period		$15,901.71

Illustration of a Lump Sum Investment

The graph below shows the record of an assumed investment of $10,000 in shares of Investors Mutual of Canada Ltd. on October 31, 1950.

The graph, together with figures below it, indicates the results of such an investment if dividends are taken in cash, as well as the results if dividends are reinvested in additional shares. (This option is available to all shareholders and no acquisition fee is charged on such purchases.)

Although Investors Mutual started operations early in 1950, and paid its first two dividends in that year, 1951 was the first full year of operations. This record begins at the first fiscal year-end (October 31, 1950) because, prior to that date, the investment portfolio was in its formative stages and did not properly represent the objectives of the fund.



	OCT. '51	OCT. '53	OCT. '55	OCT. '57	OCT. '59	OCT. '61	OCT. '63	OCT. '65	OCT. '67
Value of original investment	$10,889	10,584	15,769	14,916	18,363	21,678	21,771	25,459	25,784
Value of shares purchased with reinvested dividends	$ 505	1,545	3,665	4,687	7,274	10,574	12,713	17,238	20,115
TOTAL VALUE	$11,394	12,129	19,434	19,603	25,637	32,252	34,484	42,697	45,899

* Total dividends if taken in cash and not reinvested — $10,017

Benefits and Services to Shareholders of Investors Mutual

Shareholders of Investors Mutual have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to place emphasis on the development of such services to meet the needs and convenience of the clients whom it serves. Among the services and privileges extended to you as a shareholder are the following:

FREE RE-INVESTMENT OF DIVIDENDS

Dividends from investment income may be automatically reinvested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an additional growth factor.

REDUCED SALES CHARGE

The purchase amounts of all your investments in mutual funds distributed by Investors Syndicate Limited are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objective changes, you may transfer, without charge, your entire account or part of it to shares of one of the other mutual funds distributed by Investors Syndicate Limited. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into a guaranteed Single Payment Annuity Certificate of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unapplied balance.

TAX-DEDUCTIBLE RETIREMENT PLANS

The Income Tax Act provides that shareholders of Investors Mutual may purchase shares of the Fund and "register" them to qualify for tax deductions under certain conditions. If you would like to build up an annuity fund or supplement your existing pension plan, we will be pleased to supply you with complete information.

AUTOMATIC REDEMPTIONS

Shareholders of Investors Mutual of Canada may, if they wish, redeem on a systematic basis — usually on a monthly basis — sufficient shares to provide a stated sum. Over 5,000 shareholders currently receive regular cheques under this "automatic redemption" privilege.

PROMPT REDEMPTION

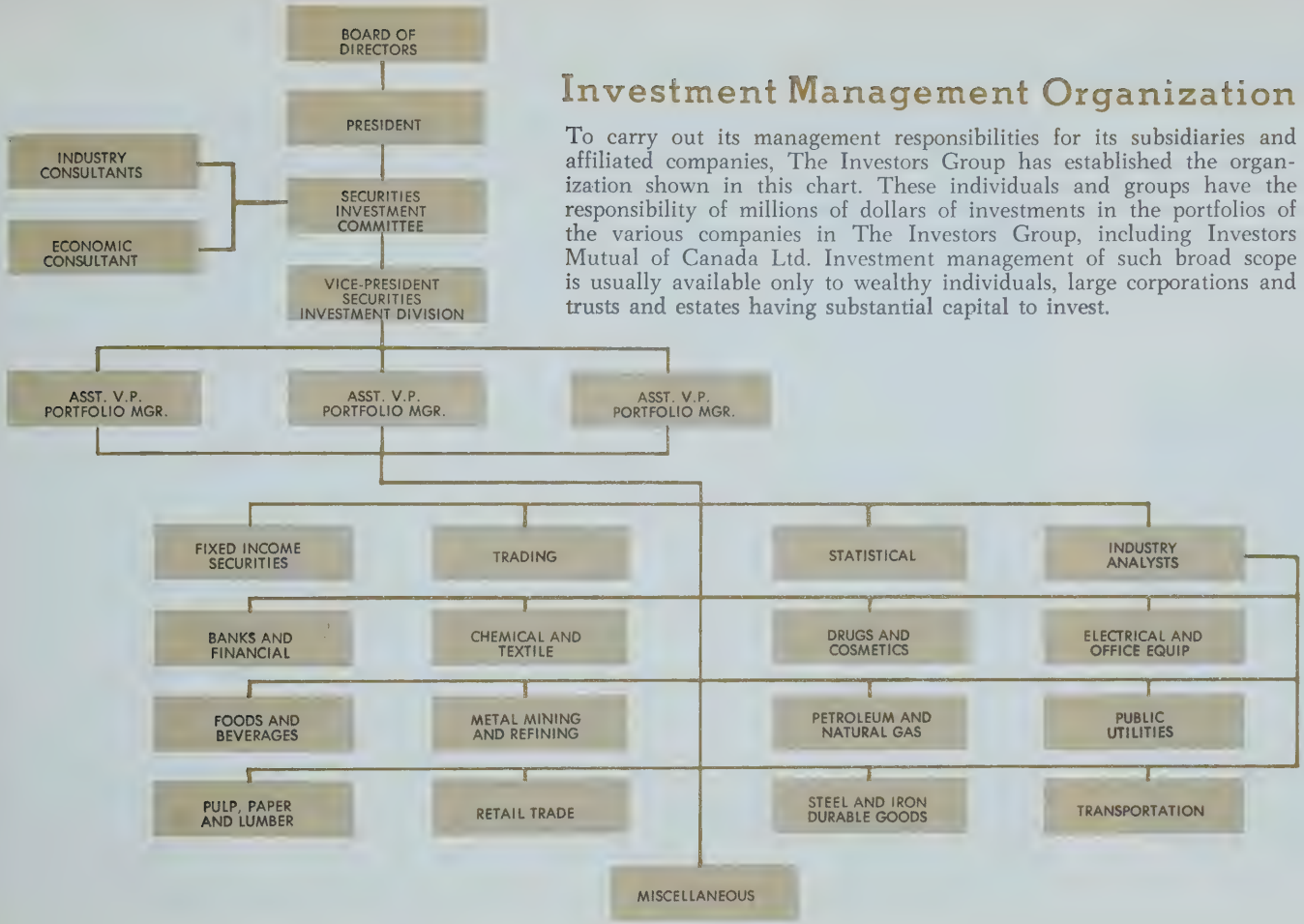
Investors Mutual agrees to redeem any or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request at the head office of the Company.

REGULAR REPORTS

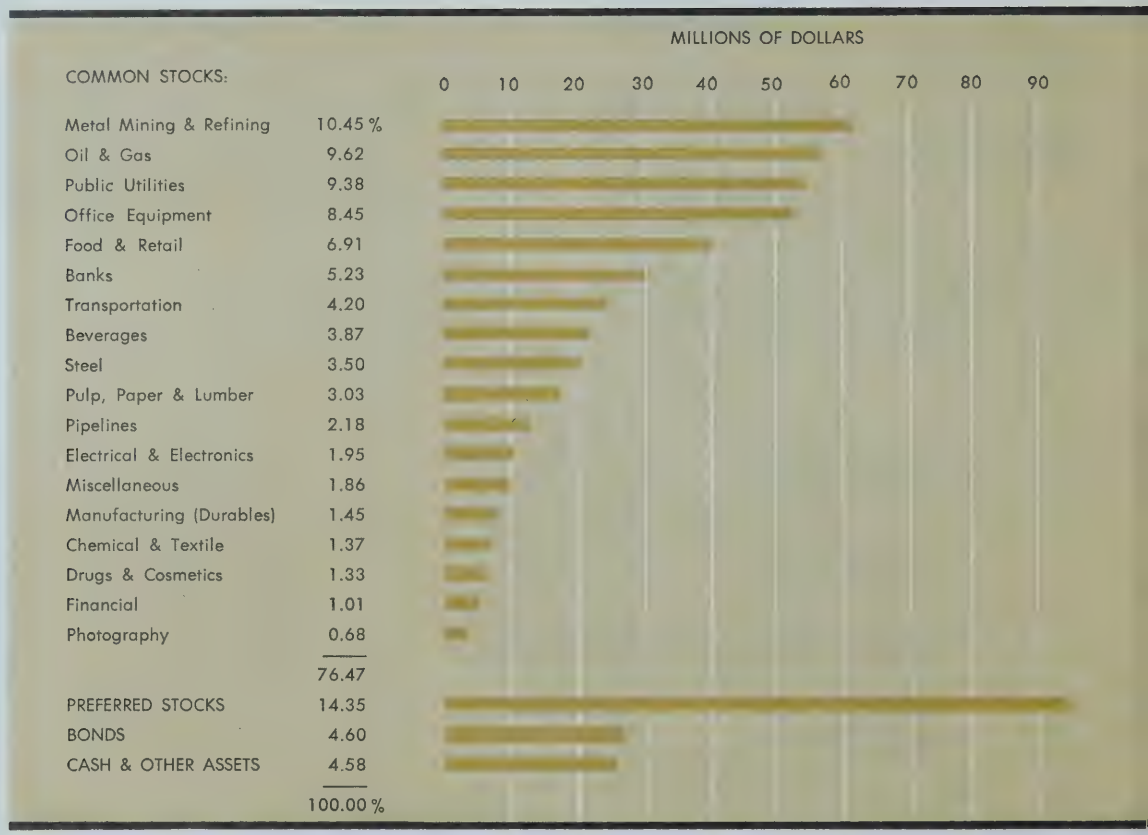
You will receive annual, semi-annual and quarterly reports to keep you informed of Fund activities.

Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of millions of dollars of investments in the portfolios of the various companies in The Investors Group, including Investors Mutual of Canada Ltd. Investment management of such broad scope is usually available only to wealthy individuals, large corporations and trusts and estates having substantial capital to invest.



Diversification of Assets



COMMON STOCKS:	
Metal Mining & Refining	10.45 %
Oil & Gas	9.62
Public Utilities	9.38
Office Equipment	8.45
Food & Retail	6.91
Banks	5.23
Transportation	4.20
Beverages	3.87
Steel	3.50
Pulp, Paper & Lumber	3.03
Pipelines	2.18
Electrical & Electronics	1.95
Miscellaneous	1.86
Manufacturing (Durables)	1.45
Chemical & Textile	1.37
Drugs & Cosmetics	1.33
Financial	1.01
Photography	0.68
	76.47
PREFERRED STOCKS	14.35
BONDS	4.60
CASH & OTHER ASSETS	4.58
	100.00 %

Investment in Securities- October 31,1967

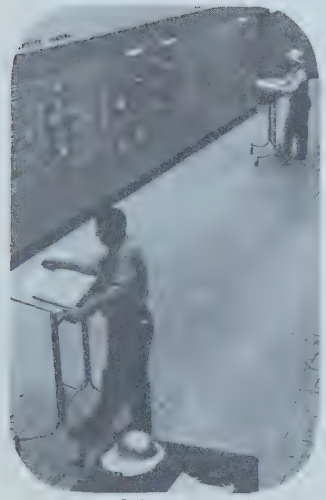
Common Stocks (76.46%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
BANKS (5.23%)			
Bank of Montreal	415,890	$ 4,574,790	$ 7.70
The Bank of Nova Scotia	244,305	3,175,965	5.34
Canadian Imperial Bank of Commerce	978,650	11,254,475	18.94
The Royal Bank of Canada	588,085	8,233,190	13.86
The Toronto-Dominion Bank	317,375	3,808,500	6.41
		31,046,920	52.25
BEVERAGES (3.87%)			
Distillers Corporation-Seagrams Limited	173,775	6,429,675	10.82
John Labatt Limited	672,166	9,746,407	16.40
Molson Breweries Limited Class "A"	128,088	2,689,848	4.53
Molson Breweries Limited Class "B"	2,108	44,268	.07
Hiram Walker-Gooderham & Worts Limited	126,060	4,096,950	6.90
		23,007,148	38.72
CHEMICAL & TEXTILE (1.37%)			
Dominion Textile Company Limited	107,700	2,234,775	3.76
Du Pont of Canada Limited	119,675	3,201,306	5.39
*Ethyl Corporation	57,600	2,255,501	3.80
*Stanley Warner Corporation	8,800	464,957	.78
		8,156,539	13.73

"Line Link" frames for D. D. D.

Common Stocks (continued)

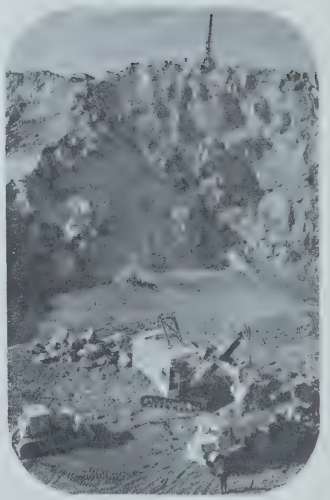
	No. of Shares	Market Value	Portfolio Distribution Per $1,000
DRUGS & COSMETICS (1.33%)			
*Chas. Pfizer & Co. Inc.	70,000	$ 5,744,900	$ 9.67
*Warner-Lambert Pharmaceutical Company	47,700	2,168,442	3.65
		7,913,342	13.32
ELECTRICAL & ELECTRONIC (1.95%)			
*Litton Industries, Inc.	57,641	6,972,364	11.73
*Sperry Rand Corporation	79,700	4,638,540	7.81
		11,610,904	19.54
FINANCIAL (1.01%)			
Industrial Acceptance Corporation Limited	310,735	6,020,491	10.13
FOOD & RETAIL (6.91%)			
Beaver Lumber Company	27,300	982,800	1.65
Dominion Stores Limited	179,135	3,022,903	5.09
*S. S. Kresge Company	126,000	11,118,114	18.71
M. Loeb Limited	40,000	540,000	.91
Oshawa Wholesale Limited	180,000	4,410,000	7.42



Refinery control room.

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
FOOD & RETAIL (Continued)			
Simpsons Limited	103,140	$ 3,545,438	$ 5.97
Steinberg's Limited Series "A"	280,700	5,333,300	8.98
*Stokely-Van Camp, Inc.	54,200	3,132,652	5.27
George Weston Limited Class "A"	193,300	3,141,125	5.29
George Weston Limited Class "B"	95,625	1,721,250	2.90
Zeller's Limited	121,700	4,076,950	6.86
		41,024,532	69.05
MANUFACTURING (Durables) (1.45%)			
Massey-Ferguson Limited	465,910	8,619,335	14.51
METAL MINING & REFINING (10.45%)			
Alcan Aluminium Limited	397,132	10,027,583	16.88
Anglo-American Corporation of Canada Ltd.	546,239	5,462,390	9.19
Falconbridge Nickel Mines, Limited	73,925	6,505,400	10.95
The International Nickel Company of Canada, Limited	188,330	21,281,290	35.83
*Kaiser Aluminum & Chemical Corporation	80,500	3,756,694	6.32
Noranda Mines Limited	209,653	10,613,683	17.86
*U.S. Smelting, Refining and Mining Co.	68,100	4,410,905	7.42
		62,057,945	104.45
MISCELLANEOUS (1.86%)			
*Gulf & Western Industries, Inc.	115,000	6,739,230	11.34
Imperial Tobacco Company of Canada	15,540	198,135	.33
Investors International Mutual Fund Ltd.	548,188	4,107,027	6.91
		11,044,392	18.58



Open pit mining.

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
OFFICE EQUIPMENT (8.45%)			
*International Business Machines Corporation	44,773	$ 28,507,596	$ 47.99
Moore Corporation, Limited	601,280	18,564,520	31.24
*Xerox Corporation	10,000	3,137,980	5.28
		50,210,096	84.51
OIL & GAS (9.62%)			
*Atlantic Richfield	74,800	8,144,972	13.71
The British American Oil Company Limited	219,400	8,062,950	13.57
Imperial Oil Limited	283,672	18,509,598	31.15
*Occidental Petroleum	27,700	3,060,850	5.15
Shell Canada Limited Class "A"	109,600	3,178,400	5.35
*Shell Oil Company	29,100	2,029,230	3.42
*Standard Oil Company (Indiana)	108,000	6,097,356	10.26
*Standard Oil Company (New Jersey)	50,000	3,647,550	6.14
*Union Oil Company of California	82,300	4,447,739	7.48
		57,178,645	96.23
PHOTOGRAPHY (6.69%)			
*Polaroid Corporation	16,400	4,048,848	6.81

Oxygen steel making furnace in operation

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
PIPELINES (2.18%)			
The Alberta Gas Trunk Line Company Limited Class "A" Share Purchase Warrants	79,000	$ 505,600	$ .85
The Alberta Gas Trunk Line Company Limited Class "A"	61,580	2,047,535	3.45
Interprovincial Pipe Line Company	415,600	8,467,850	14.25
Westcoast Transmission Company Limited	85,000	1,923,125	3.24
		12,944,110	21.79
PUBLIC UTILITIES (9.38%)			
The Bell Telephone Company of Canada	135,384	5,990,742	10.08
British Columbia Telephone Company	80,143	4,788,544	8.06
Calgary Power Ltd.	332,800	7,696,000	12.96
The Consumers' Gas Company	827,638	16,552,760	27.86
*Continental Telephone Corporation	208,800	5,627,995	9.47
*General Telephone & Electronics Corporation	172,600	7,707,626	12.97
Northern & Central Gas Co., Limited	137,550	1,564,631	2.63
Union Gas Company of Canada Limited	404,555	5,815,478	9.79
		55,743,776	93.82

Gas pipeline under construction.

Common Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
PULP, PAPER & LUMBER (3.03%)			
Abitibi Paper Company Ltd.	368,530	$ 3,132,505	$ 5.27
Consolidated-Bathurst Limited	64,525	1,774,438	2.99
Domtar Limited	174,571	2,029,388	3.42
MacMillan Bloedel Limited	446,796	11,058,201	18.61
		17,994,532	30.29
STEEL (3.50%)			
The Algoma Steel Corporation, Limited	158,710	3,174,200	5.34
Dominion Foundries and Steel Limited	509,552	10,191,040	17.15
The Steel Company of Canada, Limited	372,229	7,444,580	12.53
		20,809,820	35.02
TRANSPORTATION (4.20%)			
*American Airlines, Incorporated	123,700	4,113,891	6.93
Canadian Pacific Railway Company	126,750	7,668,375	12.91
*Eastern Air Lines, Inc.	34,000	1,531,972	2.58
*National Airlines Incorporated	4,100	356,282	.60
*Northwest Airlines, Incorporated	39,400	4,100,082	6.90
*Seaboard World Airlines, Inc.	43,400	1,303,693	2.19
*United Airlines, Incorporated	95,000	5,860,265	9.86
		24,934,560	41.97
TOTAL COMMON STOCKS		454,365,935	764.72

Screening diluted pulp.

Preferred Stocks (14.35%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Aluminum Company of Canada, Limited			
4½% Cum. Red. S.F. 2nd Pfd. $50 p.v.	13,050	$ 508,950	$ .86
Anglo-Canadian Telephone Company			
$2.65 Cum. $50 p.v.	20,000	800,000	1.35
The Anthes-Imperial Company Limited			
5½% Series "A" 1st Pfd. Cum. Red. $100 p.v.	5,610	557,494	.94
Argus Corporation Limited			
Class "A" $2.60 Cum. Red. $50 p.v.	71,000	3,017,500	5.08
British Columbia Telephone Company			
4¾% Cum. Red. $100 p.v.	25	1,988	—
4.84% Cum. Red. $25 p.v.	229,500	5,020,313	8.45
5.15% Cum. Red. $100 p.v.	29,815	2,623,720	4.42
5¾% Cum. Red. $100 p.v.	9,260	907,480	1.53
6% 2nd Pfd. $100 p.v.	385	39,270	.07
Canadian & Foreign Securities Co. Limited			
Series "A" $2.50 Cum. Red. $50 p.v.	50,000	2,500,000	4.21
Canadian Breweries Limited			
Series "B" $2.65 Cum. Red. $50 p.v.	121,995	5,200,037	8.75
Canadian Pacific Investments			
4¾% Cum. Red. Conv. $20 p.v.	125,000	2,906,250	4.89
Canadian Pacific Railway Company			
4% Non-Cum. 1st Pfd. 1 pound p.v.	1,350,000	2,733,750	4.60

Communications installation.

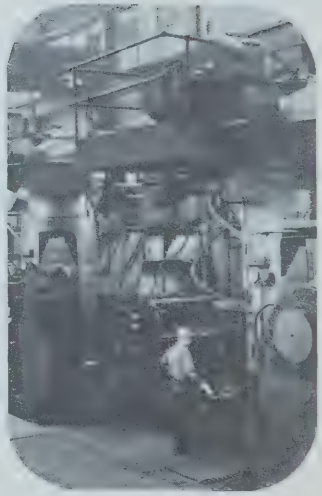
Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Chemcell (1963) Limited			
$1.75 Cum. Red. $25 p.v.	20,573	$ 570,901	$ .97
The Consumers' Gas Company			
5½% Series "B" Cum. $100 p.v.	11,580	1,137,735	1.91
5% Series "C" Cum. Red. $100 p.v.	10,000	927,500	1.56
Debhold (Canada) Limited			
6¼% Cum. Red. Series "B" $100 p.v.	2,500	244,375	.41
6% Cum. Red. 1st Pfd. Series "A" $100 p.v.	47,000	4,700,000	7.91
Economic Investment Trust Limited			
5% Series "A" Cum. Red. $50 p.v.	26,300	1,144,050	1.93
FPE-Pioneer Electric Limited			
5½% Series "A" $50 p.v.	7,224	968,016	1.63
Industrial Acceptance Corporation Limited			
4½% Cum. Red. $100 p.v.	17,230	1,356,863	2.28
5¾% Cum. Red. $25 p.v.	415,480	9,140,560	15.38
Inter-City Gas Limited			
Series "A" 5¼% $20 p.v.	70,000	1,295,000	2.18
*Litton Industries, Inc.			
3% Conv. Pref. Stock-Participating Series $2.50 p.v.	19,211	2,483,483	4.18

A Canadian oil refinery.

Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Loblaw Groceterias Co., Limited			
Series "A" $1.50 Cum. Red. 1st Pfd. $30 p.v.	76,375	$ 1,966,656	$ 3.31
Series "B" $1.60 Cum. Red. 1st Pfd. $30 p.v.	225	5,681	.01
M. Loeb Limited			
5¾% Cum. Red. Conv. Pfd. Series "A" $50 p.v.	55,000	2,750,000	4.63
Northern and Central Gas Company Limited			
$2.60 Cum. Red. 1st Preference 1965 Series $50 p.v.	11,800	504,450	.85
Northwestern Utilities, Limited			
4% Cum. $100 p.v.	5,800	406,000	.68
Nova Scotia Light and Power Company, Limited			
5% Cum. Red. $50 p.v.	5,000	210,000	.35
Power Corporation of Canada Limited			
1965 Series 4¾% Cum. Red. $50 p.v.	214,000	7,704,000	12.97
Quebec Telephone			
5% 1955 Series Cum. Red. $20 p.v.	14,500	246,500	.41
5% 1956 Series Cum. Red. $20 p.v.	8,600	148,350	.25
4¾% 1965 Series Cum. Red. $20 p.v.	90,500	1,368,813	2.30
St. Lawrence Corporation Limited			
5% Series "A" Cum. Red. $100 p.v.	5,460	447,720	.75
Shell Investments Limited			
1st Pref. $1.10 Cum. Red. Conv. $20 p.v.	41,025	1,271,775	2.14



Cold rolling mills in operation.

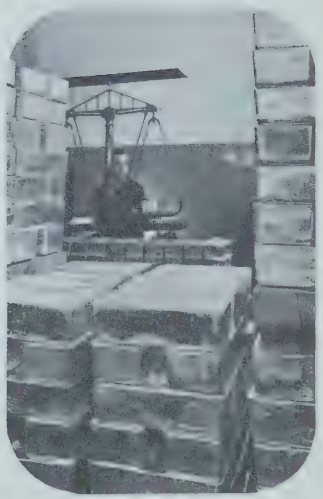
Preferred Stocks (continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Steinberg's Limited			
5¼% Series "A" Cum. Red. $100 p.v.	11,140	$ 1,008,170	$ 1.70
Third Canadian General Investment Trust Limited			
$2.50 Series "A" Cum. Red. 1st Pfd. $50 p.v.	23,450	1,031,800	1.74
Toronto and London Investment Company Ltd.			
Series "A" $2.50 Cum. Red. $50 p.v.	54,000	2,700,000	4.54
Union Gas Company of Canada, Limited			
5½% Series "A" Cum. Red. $50 p.v.	15,393	750,409	1.26
5% Series "C" Cum. Red. $50 p.v.	42,200	2,289,350	3.85
United Corporations Limited			
Class "A" $1.50 Cum. Red. n.p.v.	6,220	164,830	.27
5% 1963 Series Cum. Red. $30 p.v.	25,225	583,328	.98
Victoria & Grey Trust Company Limited			
Series "A" 5.35% Cum. Red. $50 p.v.	60,000	2,880,000	4.85
Weldwood of Canada Ltd.			
5¼% Cum. Red. $20 p.v.	250,000	4,906,250	8.26
George Weston Limited			
6% 2nd Series Cum. Red. $100 p.v.	7,250	725,000	1.22
Zeller's Limited			
4½% Cum. Red. S.F. $50 p.v.	9,590	401,581	.68
TOTAL PREFERRED STOCKS		85,255,898	143.49

Cutting pulp wood.

Bonds (4.60%)

	Face Amount	Market Value	Portfolio Distribution Per $1,000
GOVERNMENT OF CANADA (0.86%)			
5% 6-1-71	$1,000,000	$ 965,000	$ 1.62
Canadian National Railway			
5½% 12-15-71	4,250,000	4,133,125	6.96
		5,098,125	8.58
PROVINCIAL & GUARANTEED BONDS (2.00%)			
British Columbia			
British Columbia Electric Company Limited			
4% 8-1-86	100,000	74,750	.13
4¾% Series AD 8-1-86	226,000	184,755	.31
Province of New Brunswick			
4½% 10-15-71	250,000	227,500	.38
Province of Ontario			
5¼% 12-1-80/84	1,100,000	944,625	1.59
5¼% 4-15-81/85	685,000	584,819	.98



Weighing silver bars.

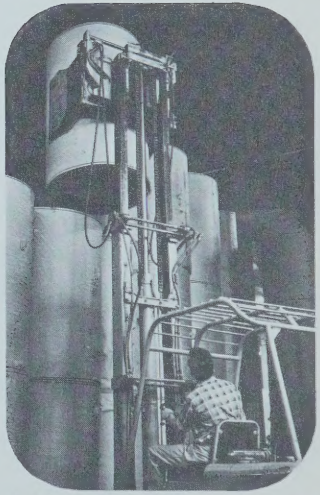
Bonds (continued)

	Face Amount	Market Value	Portfolio Distribution Per $1,000
The Hydro-Electric Power Commission of Ontario			
5¼% 10-1-84	$ 500,000	$ 428,750	$ .72
5¼% 2-1-81/85	750,000	639,375	1.08
Province of Quebec			
5% S.F. Debs. Non-Red. 4-2-72	450,000	419,063	.71
5½% 6-15-84/86	1,000,000	852,500	1.43
5½% 1-15-86/89	2,075,000	1,631,469	2.75
5½% 4-1-90	1,600,000	1,248,000	2.10
Quebec Hydro-Electric Commission			
4% 5-1-73	1,000,000	865,000	1.46
4½% 5-1-73	556,500	500,154	.83
5% 5-1-73	383,000	351,403	.59
5½% 5-1-73	182,500	172,463	.29
5% 11-1-80	250,000	213,750	.36
5½% 6-1-86/88	2,000,000	1,650,000	2.78
5¾% 10-1-84	500,000	415,625	.70
5½% 2-15-87	650,000	515,125	.87
		11,919,126	20.06

Front elevation of a steam generator.

Other Bonds (1.74%)

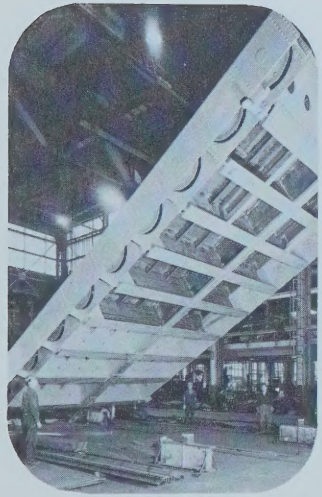
	Amount Face	Market Value	Portfolio Distribution Per $1,000
The Avalon Telephone Company, Limited 5½% 1st Mtge. S.F. Debs. 5-15-77	$ 200,000	$ 186,000	$ .31
The Bell Telephone Company of Canada 4% 1st Mtge. 12-1-70	1,175,000	1,086,875	1.83
BP Refinery Canada Limited 5¾% "A" S.F. Debs. 10-1-86	210,000	182,700	.31
The Dominion Realty Company Limited 4½% 1st Mtge. Series "A" 4-1-68	545,000	534,100	.90
The T. Eaton Acceptance Co., Limited 5¾% S.F. Debs. 5-1-85	750,000	633,750	1.07
Export Finance Corporation of Canada Limited 3¾% Fixed Term Note 1-17-68	2,200,000	2,145,000	3.61
Hudson's Bay Company Properties Limited Series "A" 1st Mtge. 5¾% 7-2-90	750,000	667,500	1.12



Stacking paper rolls.

Other Bonds (continued)

	Face Amount	Market Value	Portfolio Distribution Per $1,000
Industrial Acceptance Corporation, Limited Series 31 Secured Notes 5¾% 3-1-85	$ 500,000	$ 425,000	$ .72
The Metropolitan Corporation of Greater Winnipeg 5% S.F. Debs. 5-1-72	1,200,000	1,104,000	1.86
The Municipality of Metropolitan Toronto 5¼% 3-1-85	1,000,000	905,000	1.52
Triad Oil Co., Ltd. 4¾% Notes 9-15-71	592,000	534,280	.90
Yonge-Delisle Developments Ltd. 6½% 1st Mtge. Installment 10-1-92	1,927,848	1,927,849	3.24
		10,332,054	17.39
TOTAL BONDS		27,349,305	46.03
TOTAL INVESTMENTS		566,971,138	954.24
CASH AND OTHER ASSETS (Net)		27,189,498	45.76
TOTAL NET ASSETS		$594,160,636	$1,000.00



Fabrication of a hydraulic regulating gate.

*UNITED STATES AND OTHER FOREIGN INVESTMENTS — valued as follows:
Face Amount—*at their stated par value in United States Funds.*
Market Value—*converted at the selling exchange rate prevailing as at October* 31, 1967.

THE *Investors* GROUP

Shares of Investors Mutual of Canada Ltd. are distributed by Investors Syndicate Limited. The investment manager is The Investors Group which currently has in excess of $1.4 billion. under its administration.

Subsidiaries and affiliates of The Investors Group include:

INVESTORS SYNDICATE LIMITED

Face amount savings certificates — which provide for the guaranteed accumulation of a specific sum of money over a stated period and may be purchased either by a series of payments over a period of years or a single, lump-sum investment.

INVESTORS TRUST COMPANY

A complete trust service, including personal and corporate trusteeships, estate planning, estate and agency administration, guaranteed investment certificates, and a complete pension service, including consultation, trusteeship, administration and investment management.

INVESTORS MUTUAL OF CANADA LTD.

A balanced mutual fund whose objectives stress income, protection of invested capital and long-term capital appreciation.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund emphasizing equity securities and whose principal objective is the long-term growth of invested capital.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the investing public the opportunity to share in the long-term growth potential of the foreign investment scene.

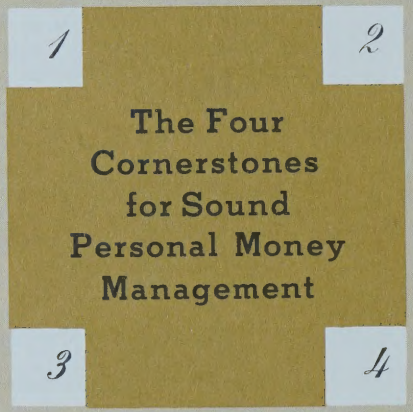
The Investors Group believes that a well-balanced investment program consists of:

A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.



GUARANTEED DOLLARS

Provided by Investors Syndicate's guaranteed Instalment or Single Payment Annuity Certificates to assure the success-minded of a specific amount of money in a stated number of years for definite worthwhile purposes.

GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the North American economy, the mutual funds provide an excellent hedge against inflation.